

NEW YORK TIMES
5 NOVEMBER 1975

BUSH SENATE RACE FACING SCRUTINY

\$40,000 Transfer in 1970
May Be Issue—Church
and Proxmire Critical

By NICHOLAS M. HORROCK
Special to The New York Times

WASHINGTON, Nov. 4.—The 1970 Texas Senate campaign and other political activities of George Bush are expected to come under scrutiny when he goes before the Senate for hearings on confirmation as Director of Central Intelligence.

The 51-year-old Mr. Bush is the first person chosen for the intelligence post with a strongly partisan political background. Before assuming his present position as United States Representative to Peking, he served as a Representative from Texas and as chairman of the Republican National Committee.

One aspect of his unsuccessful 1970 campaign for the Senate that may attract attention, according to Senate sources, was the transfer of a \$40,000 payment by wire money order from President Nixon's illegal "Townhouse" campaign financing operation to Glenn Advertising of Houston, a concern that was handling a substantial amount of Mr. Bush's campaign promotion. That was part of \$106,000 the Bush campaign received from the Nixon group.

Under the old corrupt practices act, in effect in 1970, contributions received by a candidate directly and not through an election committee had to be reported to the Secretary of the Senate. There is no record that this contribution was reported to either the clerk of the House of Representatives or the Secretary of the Senate.

In Watergate Inquiry

The question was examined by the Watergate special prosecutor's office during its investigation of the Townhouse operation, the sources said, but in the prosecutor's report last month there was no mention of the case. The prosecutor has routinely declined to comment on individual investigations, but those familiar with the office's operation said there was no indication that the matter would be prosecuted.

Mr. Bush could not be reached tonight for comment. But Marvin Collins, Mr. Bush's campaign manager during the campaign, said the issue about the \$40,000 arose in late August, 1974, when Mr. Bush was under consideration for appointment as Vice President. Administration sources at that time said the matter was one factor in the President's selection of Nelson A. Rockefeller as Vice President.

Mr. Collins said he handled Mr. Bush's campaign finance reports and that he had "no independent memory" of making a report. But he said the contribution was not construed as having been made directly to Mr. Bush and this was "probably why it was never reported."

The Townhouse operation, as it was called in press accounts and by the prosecutor's office, was an apparatus created by President Nixon and directed by H. R. Haldeman, his chief of staff, to dispense money to candidates Mr. Nixon favored in 1970 House, Senate and gubernatorial races. It derived its name from the fact it was situated in a Washington, D. C., Townhouse.

Herbert W. Kalbach, Mr. Nixon's personal lawyer, and two former White House aides, Harry Dent and Jack Gleason, pleaded guilty to election law violations connected with the Townhouse operation, which was found not to be registered with the clerk of the House as required by the Corrupt Practices Act.

Senator William Proxmire, Democrat of Wisconsin, described Mr. Bush today as a "capable, intelligent, hard-working official," but added that "unfortunately these impressive qualifications are secondary to one vital consideration."

"Politics and intelligence do not mix. Placing a former national committee chairman as Director of Central Intelligence violates the cardinal rule of the intelligence business—separation of all political influences from the intelligence process," he said.

Senator Frank Church, Democrat of Idaho who is chairman of the Senate Select Committee on Intelligence, said he knew "of no particular reason why he is qualified" for appointment to a post heading any agency that was "the least political and most sensitive in Government." Mr. Church said that based upon what he knew now he would oppose Mr. Bush's appointment.

According to information made available to the prosecutor's office, Mr. Bush received a total of \$106,000 from the Townhouse operation, the sources said. The bulk of the money, \$66,000, was delivered in \$2,000 and \$3,000 amounts to a series of campaign committees.

The delivery of money through this method was the normal procedure under the Corrupt Practices Act. But on Oct. 16, 1970, a \$40,000 contribution was wired to Glenn Advertising directly presumably to defray part of the costs of Mr. Bush's campaign advertising, according to the sources familiar with the case.

This contributions was not reported either under reports of Bush campaign committees or in a report of monies received by Mr. Bush personally, the sources said.

In mid-October of 1970, several sources said, Mr. Bush's campaign against Lloyd Ben- isen, now a Democratic Senator from Texas, was floundering and there was a last-minute effort by the Nixon people to pump money in. The \$40,000 contribution was part of this flurry of support, it was said.

Mr. Bush became aware of questions about the contribution in August, 1974, Mr. Collins and administration sources confirmed. There is no indication that he made a public statement on the matter, though aides responded to newsmen on the matter.

Bush Explains Decision

The Globe and Mail, Toronto

PEKING, Nov. 4.—Sitting in the residence he is provided as United States representative here, Mr. Bush was asked today why he had agreed to take on a job that could end a political career that has seen him in the running for a United States Senate seat as well as for Vice-Presidential nomination.

"Well, I'm not sure I've ended it forever, but I've been asked to do a tough job and I believe I ought to do it. It's nothing more complicated than that," he said.

A moment earlier he had conceded that "if anybody can perceive this job as a springboard to political fortune, well, he's been hallucinating."

He said it would be "highly irregular" to talk substantively about the Central Intelligence Agency and his thoughts about it before confirmation hearings by the Senate. But he made it clear that if he turns out to be

a reformer of the troubled agency he will also be its strong defender.

"It's one helluva challenge. I happen to believe in the importance of this agency and I recognize there are plenty of problems. Frankly I'm not sure I know what all the problems are," he said.

"I believe in the importance of a sound and strong intelligence capability in this troubled world. I am not unaware of the problems that have been swirling around the agency. I've just read about in the papers from time to time," he continued.

Less than three weeks ago Mr. Bush said he was happy in his Peking job and had no intention of leaving in the near future. He said yesterday that the new job offer from President Ford "came out of a clear blue sky" on Sunday.

He was out bicycle riding with his wife, Barbara, when a messenger caught up to them and told Mr. Bush that there was an important message for him.

It was fashionable in some diplomatic circles in Peking to put down Mr. Bush's informal gladhanding good-to-see-you ways, but diplomats who actually dealt with him often expressed their liking and respect for him.

Nevertheless there were indications that Secretary of State Henry A. Kissinger did not lean on the knowledge and expertise of Mr. Bush and his liaison office staff.

When Mr. Kissinger arrived here for talks two weeks ago, for instance, he did not set aside any time for consultations with Mr. Bush before plunging into dealings with Chinese leaders.